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INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY 0048
RUCNIRA/IRAN COLLECTIVE PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 UNVIE VIENNA 000432

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C O R R E C T E D C O P Y (SUBJECT LINE)

DEPT FOR NEA, IO

E.O. 12958: DECL: 07/09/2017

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SUBJECT: AMBASSADOR ADDRESSES IRAN CONFERENCE

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Classified By: Ambassador Gregory L. Schulte, Reasons 1.5 b, d

11. (C) Summary : Ambassador Schulte delivered the keynote speech at a July 6-8 conference on Iran in Liechtenstein and addressed criticism of U.S. policy on Iran,s nuclear program. He defended P5 Plus 1 demands for a suspension of uranium enrichment as a starting point for negotiations. Also in attendance, Iranian Deputy FM Araqchi revisited well-worn Iranian themes, though he distanced himself slightly from Iranian President Ahmadi-Nejad outside of his formal remarks. All participants looked to U.S.-Iranian talks on Iraq as a confidence building measure. Indeed, many argued that movement on Iraq was a prerequisite to any progress on the nuclear front. Araqchi told a third party that Iran would appreciate a credible US denial that it is not fomenting unrest among ethnic and other groups in Iran. End Summary.

12. (U) Ambassador Schulte addressed a July 6-8 conference on Iran hosted by the Liechtenstein Institute for Self Determination and the Woodrow Wilson School at Princeton University. Other notable attendees included Iranian Deputy FM Araqchi, former German FM Fischer, former Austrian and Swiss Ambassadors to Iran, former Saudi Ambassador to the US Prince Turki al-Faisal, and academics, think tank scholars, and former US policymakers. The conference focused on the domestic situation in Iran, regional implications of Iran,s nuclear activities, Iran,s nuclear ambitions, and ideas for solving the &crisis8 over Iran,s nuclear activities. Ambassador Schulte gave a keynote address that discussed Iran,s nuclear ambitions and the status of Iran,s cooperation with the IAEA.

13. (SBU) Several scholars made strong arguments that Iran,s focus on nuclear technology, especially in the face of current international opposition, made little economic sense. One participant noted that a study cited by Araqchi that had stipulated nuclear power would be necessary for Iran,s electricity needs was unfounded today. Although many countries, including Iran, started nuclear power programs decades ago because it was thought to be more cost-efficient, governments have since discovered that the costs of nuclear power occur at the end of reactor life rather than at the front end of a nuclear power program. She argued that the natural gas Iran flares off alone could provide Iran electricity for 50 years. Thus, if Iran was really after the provision of electricity, it has other, more cost-efficient options.

¶4. (SBU) A number of participants were critical of what they saw as the US-driven precondition that Iran suspend enrichment activities prior to negotiations. The Ambassador reminded participants that this is a P5 1 strategy and not a US strategy and that it is a lack of confidence that has led the Security Council to make suspension a requirement. An Iranian-American scholar from a Washington think tank defended the P5 1 precondition. He argued that dropping the requirement now would be perceived in Tehran as the result of Iran,s strategy of non-cooperation and would strengthen the position of the hardliners.

¶5. (SBU) Araqchi,s keynote address revisited similar Iranian themes of Iran,s rights under the NPT, its growing electricity demands, its need for a self-sufficient nuclear fuel production capability, its willingness to sit down to the negotiating table without preconditions, and that Iran is not pursuing nuclear weapons. He claimed that nuclear weapons would not help Iran because if Iran used one bomb against Israel, Israel would use hundreds of bombs against Iran. During the discussion, Araqchi distanced himself slightly from Iranian President Ahmadi-Nejad and his rhetoric. He said that Ahmadi-Nejad,s &wiping Israel off the map comment is completely unrelated to the nuclear issue and that it is not true in the literal sense. He then said that &maybe we don't like Ahmadi-Nejad, but he was elected democratically.8 He also said that he is &sure8 that Russia does not plan to provide fuel for Bushehr.

¶6. (C) Although many participants opposed Iran,s current nuclear activities and believed Iran was pursuing at least a nuclear weapons option, of the notable European participants, only Fischer was strongly critical of Iran,s current lack of cooperation. Several advocated US concessions on direct talks with Iran, and Prince Turki advocated the US sponsoring a UN Security Council resolution on a Middle East Nuclear Weapons Free Zone. A number of scholars thought that the US should take the military option off the table, and at least one participant gave a detailed argument for why a US military strike is highly unlikely. Some argued that, for various

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reasons, a military strike is unlikely in the next year and a half, but that "a war with Iran would be the first war of the next Administration."

¶7. (SBU) All participants favored the continuation of U.S. talks with Iran on Iraq and saw this as an area of mutual interest. The group consensus seemed to be that it would be impossible to get an agreement on the nuclear issue as a singular issue. Several suggested that the US and Iran use talks on Iraq as a confidence building measure and eventually expand the talks to deal with additional issues, including the nuclear issue. Araqchi called aside one participant and said that Iran would appreciate a credible US denial that Washington is not fomenting unrest among ethnic and other groups in Iran such as Jundallah.

¶8. (C) The conference director made several attempts to get the Ambassador and the Iranian MFA official to directly engage. The Ambassador declined.

¶9. (C) Comment: The Austrian Ambassador to Iran characterized Araqchi as "one of the most talented members of the Iranian MFA," Indeed, his presentation came across as thoughtful and responsive and avoided the stridency of some Iranian Ambassadors, such as Ambassador Soltanieh in Vienna. His one slip was to say that Iran would "pay any price to protect its pride." We should watch to see if Araqchi becomes a regular spokesman for Iraqi policies. It won't make our job easier.
SCHULTE